



National Officers Academy

Mock Exams CSS-2022

March 2022(Mock-8)

ACCOUNTANCY AND AUDITING, PAPER-II

TIME ALLOWED: THREE HOURS
PART-I(MCQS): MAXIMUM 30 MINUTES

PART-I (MCQS)
PART-II

MAXIMUM MARKS = 20
MAXIMUM MARKS = 80

NOTE:

- i. **Part-II** is to be attempted on the separate **Answer Book**.
- ii. Attempt **ONLY FOUR** questions from **PART-II**, by selecting at least **ONE** questions from **EACH SECTION**. **ALL** questions carry **EQUAL** marks.
- iii. All the parts (if any) of each Question must be attempted at one place instead of at different places.
- iv. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
- v. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- vi. **Use of calculator is allowed.**

PART-II

SECTION-A (AUDITING)

Q. No. 2 Describe the key characteristics of a good audit report along with types of audit opinions. And also State major contents of unmodified audit report. (20)

Q. No.3. (a) Briefly explain “Internal controls of an organization”. What are the techniques used for the evaluation of internal control system? Discuss. (10)

(b) Define different types of audit risks. How these risks are used to manage the audit assignment. (10)

Q.No.4 Write notes on any four of followings. (20)

- a. Substantive Procedures
- b. Continuous Audit
- c. Audit Program
- d. Responsibility of Auditor in relation to Fraud
- e. Reasonable assurance

SECTION – II (BUSINESS TAXATION)

Q.5 (a) Identify the main features of Income Tax ordinance 2001. Also discuss the exemptions and tax concessions available to a taxpayer under that ordinance.

(b) Mr. Ahmed is an employee of a company. He has submitted the following information for the tax year 2020.

Basic Salary per annum	340,000	
Bonus	56,000	
Cost of living allowance	66,000	
Dearness allowance	32,000	
Rent free unfurnished accommodation – annual value		162,000
Company maintained car for personal and official use, cost of vehicle is.		980,000
Utility allowance	58,000	
Leave encashment	31,600	
Leave Fare Assistance provided every year		22,600
Hotel bills paid by the company relating to a pleasure trip		28,400
Employee’s contribution towards provident fund		30,000
Zakat paid under Zakat and Ushr Ordinance		15,000
Tax deducted by the company for salary		35,000

Required: Compute the total income, taxable income and tax liability of Mr. Ahmed.

Q. 6. (a) What is the scope of sales tax? What is the procedure for transfer of registration and deregistration under Sales Tax Act, 1990? (10)

(b) Mr. Abdul Packages Ltd is a registered manufacturer of candies. Data regarding his business is given below (10)

Taxable turnover to registered person	Rs. 5,000,000
Taxable turnover to non-registered person	18,000
Sales to retailers	50,000
Exempted sales	60,000
Supplies to DTRE registered person	25,000
Zero rated supply	70,000
Supplies donated	150,000
Taxable purchases from registered person	200,000
Taxable purchases from non-registered person	90,000
Taxable Purchases from wholesaler	60,000
Imported raw material specified in SRO 644(1) 2016	100,000
Sales tax paid on PTCL dues	9,000
Sales tax paid on electricity bill	3,000

SECTION – II (BUSINESS STUDIES AND FINANCE)

Q. No. 7. (a) Define & explain Business Cycle and discuss its implications in detail.

(b) You have just the following information about ABC Ltd, which pays tax @35% p.a.

- i. 7000 Bonds with 8% coupon, face value of \$1000 & maturity period of 15 years, payments to be made semi-annually, currently sold at 90% of Par value.
- ii. 300,000 common shares outstanding, currently selling at \$ 60 per share having beta of 1.10.
- iii. 20,000 outstanding shares of \$6 preferred shares, selling at \$95 per Share.

Required: Work out overall cost of capital assuming 7% market risk premium and 5% risk free rate of return.

Q. No. 8. (a) Information technology is perceived as an important source of future economic Prosperity and employment growth. Explain the role of information technology in Business organization in Pakistan's scenario.

(b) XYZ company presently pays a dividend of \$ 1.50 per share on its common Stock. The company expects to increase the dividend at a 20% annual rate the First four years and at the rate of 13% at the next four years then the growth on the dividend at a 7% thereafter. This phased growth patterns is in keeping with The expected life cycle of earnings. You are required a 16% return to invest in This stock. What value should you place on a share of this Stock?

Best Wishes for CSS-2022